

## Message Text

SECRET

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12

ACTION EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 SP-02 INR-05

CIAE-00 EB-03 SAM-01 RSC-01 /038 W

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R 060220Z NOV 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2763

INFO USLO PEKING

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

CINCPAC HONOLULU HI

S E C R E T HONG KONG 12040

LIMDIS

NOFORN

CINCPAC FOR POLAD

E.O. 11652: XGDS-2

TAGS: PFOR, CH, KS

SUBJECT: PRC-SOUTH KOREAN TRADE CONTACT IN HONG KONG

SUMMARY. HONG KONG ROK CONGENOFF HAS CONFIDENTIALLY CONFIRMED  
NEWS ITEM RE PRC-ROK TRADE CONTACT BUT CONTENTS NEGOTIATIONS  
NOT YET SETTLED. END SUMMARY.

1. ENGLISH LANGUAGE HONG KONG STANDARD NOVEMBER 4 CARRIED  
BRIEF AFP SEOUL DATELINE NOVEMBER 2 ITEM RE PENDING DIRECT SALE  
BY PRC TRADING FIRM OF 1,000 TONS OF RED PEPPER FROM CHINA  
WORTH US\$760,000 TO SOUTH KOREA. QUOTING SEOUL BUSINESS SOURCES,  
STORY SAID PRC TRANSACTION WITH SOUTH KOREA WAS UNPRECEDENTED  
AND COMES AT TIME WHEN SEOUL GOVERNMENT WAS SEEKING BETTER  
RELATIONS WITH COMMUNIST BLOC.

2. U.S. CONGENOFF QUERY TO HONG KONG ROK CONGENOFF JOSEPH KEI  
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YOUN LEE RE AFP ITEM ELICITED GUARDED REPLY. LEE SAID VERY POOR

ROK PEPPER CROP HAD CAUSED SKYROCKETING PRICES, ESPECIALLY DURING PRESENT KIMCHI PREPARATION SEASON, AND THE GOVERNMENT WANTED TO BRING PRICES DOWN. SEVERAL WEEKS AGO SEVERAL ROK BUSINESSMEN HAD ARRIVED IN HONG KONG TO EXPLORE POSSIBILITY OF PURCHASING PRC PEPPERS. THESE BUSINESSMEN HAD SUCCEEDED IN ESTABLISHING CONTACT WITH PRC FIRM AND DIRECT DIALOGUE AND NEGOTIATIONS WERE NOW UNDERWAY. LEE WAS NOT RESPONSIVE TO QUESTIONS ABOUT IDENTITY OF PRC TRADING FIRM NOR HOW NEGOTIATIONS WERE PROCEEDING. LEE SAID HE COULD NOT DISCUSS MATTER FURTHER AT THIS POINT AS CURRENT SITUATION AND DETAILS WERE NOT YET CLEAR TO HIM.

3. LEE DID STATE THAT SINCE ABOUT 1973 VARIOUS ROK GOVERNMENT REPRESENTATIVES AND SOME PRIVATE BUSINESSMEN HAD TRIED WITHOUT SUCCESS TO ESTABLISH CONTACT WITH PRC COUNTERPARTS IN HONG KONG. CHINESE SIMPLY DID NOT RESPOND TO ANY KOREAN OVERTURES. ROK GOVERNMENT LAST YEAR HAD NOT BEEN IN FAVOR OF KOREAN BUSINESSMEN SEEKING TO MAKE SUCH CONTACT. HOWEVER, THIS YEAR THERE HAD BEEN SOME CHANGE IN THIS POLICY AND ROK GOVERNMENT HAD LOOSENEED UP TO EXTENT OF ENCOURAGING CERTAIN BUSINESSMEN TO MAKE PROBES. HOWEVER THEIR EFFORT AT CONTACTING PRC REPS IN HONG KONG HAD NOT BEEN PRODUCTIVE UNTIL PRESENT DIALOGUE WAS STARTED SEVERAL WEEKS AGO. LEE SAID MATTER WAS VERY SENSITIVE BECAUSE NORTH KOREANS WERE MUCH ON THE ALERT FOR SUCH MOVES AND ADAMANTLY AGAINST ANY SUCH CONTACTS. LEE SAID IT WAS SIGNIFICANT THAT THIS WAS FIRST DIRECT PRC-SOUTH KOREAN CONTACT IN HONG KONG WHICH HAD BEEN ESTABLISHED. HE WAS NOT CERTAIN WHERE IT WOULD LEAD BUT THOUGHT SITUATION WOULD CLARIFY BEFORE LONG AND SAID HE WOULD INFORM CONGEN OF FURTHER DEVELOPMENTS.

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## Message Attributes

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**TAGS:** PFOR, CH, KS  
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